

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Developing a Unified Intercarrier)	CC Docket No. 01-92
Compensation Regime)	

REPLY COMMENTS OF THE IOWA TELECOMMUNICATIONS ASSOCIATION

I. INTRODUCTION

As the Iowa Telecommunications Association (“ITA”) reviewed the comments submitted to the Commission in this Docket, it was apparent that common themes ran through the comments of various groupings of commenters and that there were positions with which the ITA had significant concurrence or objection. The ITA in these reply comments will focus on material subject matters with which the ITA either concurs or objects.

II. RURAL SERVICE AREAS ARE DISTINCTIVE

There appears to be a common recognition that a single answer to the issues of intercarrier compensation is not appropriate. The characteristics and costs of rural carriers simply differ materially from those serving areas with higher density. A solution serving larger carriers in urban markets would be ruinous to smaller rural carriers in high cost areas. While there are suggestions that larger carriers serving larger market areas are more efficient, it is not the understanding of the ITA that a purpose of this Docket is to consolidate carriers only into national players and to eliminate high cost carriers. Ongoing public policy requires sharing of the rural costs to some degree by urban customers. Large carriers serving both rural and urban

markets are not necessarily more efficient, they simply allow urban-to-rural support to flow without a separate mechanism

As the industry moves to competitive environments, telecommunications remains an area of dominant public interest. While a hallmark of competition is the presence of winners and losers and elimination of providers from the market, the presence of ubiquitous affordable telecommunications services throughout the United States in both urban and rural markets must remain one of the nation's highest public policy goals.

The smaller rural companies have consistently provided quality services to rural service areas with density characteristics which resulted in higher costs of service.

While it is a recognized public good to promote choice in communication service providers throughout the country, Commission actions must enable all carriers to offer quality services in their service area and promote investment in facilities necessary to provide that quality service. At the same time, it should be a paramount public policy to assure affordability and the availability of universal service for all citizens. To promote this policy, the Commission must retain systems designed to promote comparability of rates in urban and rural settings.

What is clear as a matter of economics is that end user customers will ultimately pay for all services provided, while others who benefit from the use of the network (non-LEC telecommunications carriers and their customers) pay nothing. The giant question is by what rate mechanisms will the costs of the communications networks be shared by the various customer groups, particularly urban and rural users, and high and low volume users.

III. POINTS OF CONCURRENCE FOR THE ITA

A. Compensation.

1. Local carrier compensation should continue to be realized from (a) carrier charges, (b) end user charges and (c) universal service support.
2. Compensation should be paid by carriers for the use of the local exchange network for both originating and terminating traffic.
3. A uniform rate should be established for usage of the network equally applicable to anyone who originates or terminates traffic on the network.
4. The uniform rate for usage should be based on the actual embedded costs of local exchange carriers.
5. The rate should be set through a cooperative methodology of state and federal authorities.
6. Any costs assigned to the end user should avoid end-user rate shock and assure affordability and ubiquitous service.
7. Local exchange carriers should be afforded the option of developing capacity charges to replace minute of use charges.
8. Appropriate requirements should be imposed to assure that all traffic carries necessary labeling to afford appropriate billing.

B. **Universal Service Fund.**

1. USF contributions should be technologically neutral and require that any entity providing communication services participate in universal service support.
2. Appropriate benchmark local service rates should be established for USF eligibility.

C. **Interconnection.** Interconnection should be provided at a technically feasible point in the exchange of the local exchange carrier and the LEC has no obligation for transport outside of its exchange area.

D. **Transition Period.** A transition period to a new intercarrier compensation regime of not less than five years. We believe the FCC should evaluate the effects of any changes in year 4.

E. **Procedure for Intercarrier Compensation Reform.** The Commission should establish an expedited procedure for resolution of intercarrier issues before the FCC or state authorities. Importantly, however, the FCC should take no action concerning intercarrier

compensation reform until it has reliable evidence of the anticipated costs and impacts of such action.

IV. POINTS OF OBJECTION FOR THE ITA

A. Under no circumstances should the FCC provide for recovery of the costs of intercarrier compensation reform solely by disproportionately increasing local rates to rural end users.

B. Bill and Keep, or the payment of no compensation for origination or termination of traffic on local exchange carrier networks, should not be adopted.

C. Forward looking cost methodology should not be employed in the determination of appropriate intercarrier compensation costs.

D. Any discussion of benchmarked local service rates should include a consideration of Expanded Area Service (EAS). For example, some companies have raised their monthly service charge to finance the availability of an expanded calling area. To account for this, an EAS additive should be addressed in any benchmark rate.

V. OTHER MATTERS

In giving consideration to the impact on small business, the FCC should give consideration to the comments of the Office of Advocacy of the US Small Business Administration as it discusses the economic impact on small telecommunications carriers.

ITA had previously expressed its support for the Rural Alliance and the ongoing efforts of NARUC. The ITA also supports the fifteen points of the initial comments of the Iowa Utilities Board.

Respectfully submitted,

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